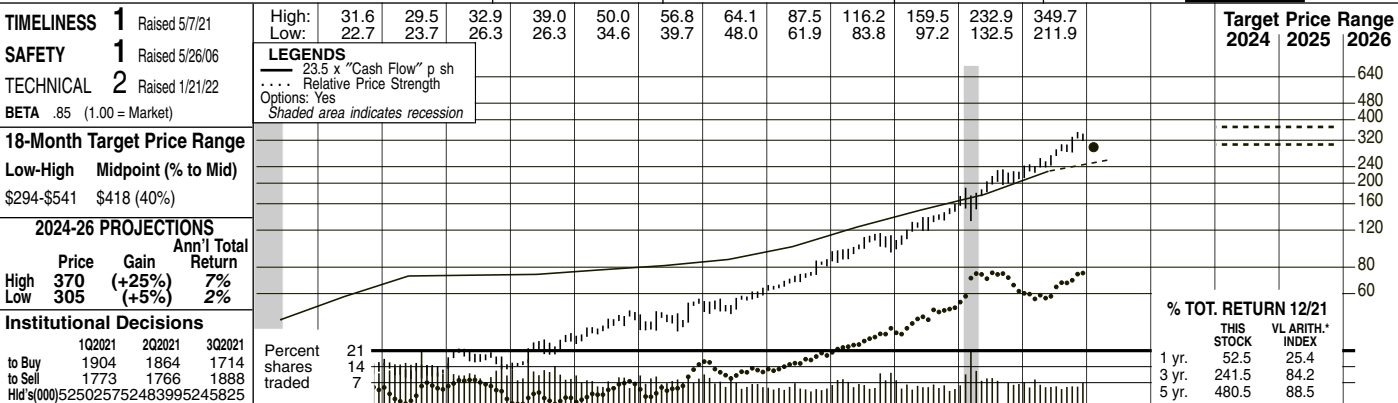


MICROSOFT NDQ-MSFT

RECENT PRICE **296.37** P/E RATIO **31.9** (Trailing: 33.2 Median: 19.0) RELATIVE P/E RATIO **1.73** DIV'D YLD **0.8%**

VALUE LINE



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
3.72	4.40	5.45	6.60	6.56	7.21	8.35	8.80	9.34	10.54	11.66	11.78	12.54	14.38	16.47	18.89	22.36	26.95	Revenues per sh ^A	40.25
1.27	1.34	1.65	2.16	1.92	2.47	3.09	3.12	3.15	3.31	3.47	3.71	4.26	5.28	6.35	7.54	9.70	11.25	"Cash Flow" per sh	16.25
1.16	1.20	1.42	1.87	1.62	2.10	2.69	2.72	2.65	2.63	2.65	2.79	3.08	3.88	4.75	5.76	8.05	9.30	Earnings per sh ^B	13.75
.32	.34	.40	.44	.52	.52	.64	.80	.89	1.12	1.24	1.44	1.56	1.68	1.84	2.04	2.24	2.42	Div'ds Decl'd per sh ^E	3.75
.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.74	1.07	1.05	1.52	1.82	2.04	2.74	3.25	Cap'l Spending per sh	2.75
4.49	3.99	3.32	3.97	4.44	5.33	6.82	7.92	9.48	10.90	9.98	9.22	9.39	10.77	13.39	15.63	18.88	22.25	Book Value per sh ^D	34.75
10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8027.0	7808.0	7708.0	7677.0	7643.0	7571.0	7519.0	7425.0	Common Shs Outst'g ^C	7200.0
22.9	21.7	19.9	16.3	13.4	13.1	9.6	10.4	11.2	14.0	17.0	18.1	20.2	22.1	23.7	27.4	28.3		Avg Ann'l P/E Ratio	25.0
1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.74	.86	.95	1.02	1.19	1.26	1.40	1.45		Relative P/E Ratio	1.40
1.2%	1.3%	1.4%	1.4%	2.4%	1.9%	2.5%	2.8%	3.0%	3.0%	2.7%	2.9%	2.5%	2.0%	1.6%	1.3%	1.0%		Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 12/31/21				2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Revenues (\$mill) ^A	290000
Total Debt \$53258 mill. Due in 5 Yrs \$16500 mill.				69943	73723	77811	86833	93580	91964	96657	110360	125843	143015	168088	200250	Revenues (\$mill) ^A	290000						
LT Debt \$48260 mill. LT Interest \$1735 mill. (23% of Cap'l)				42.8%	41.9%	40.3%	38.0%	36.5%	37.6%	39.4%	41.1%	43.4%	46.0%	48.5%	48.5%	Operating Margin	48.0%						
Leases, Uncap'l \$2125 mill.				2766.0	2967.0	3755.0	5212.0	5957.0	6622.0	8778.0	10261	11682	12796	11686	13500	Depreciation (\$mill)	17450						
No Defined Benefit Pension Plan Pfd Stock None				23150	23171	22453	22074	21885	22329	24084	30267	36830	44281	61271	69930	Net Profit (\$mill)	100000						
Common Stock 7,496,866,428 shs. as of 1/20/22				17.5%	18.6%	19.6%	20.7%	23.3%	18.8%	20.2%	17.0%	15.7%	16.5%	13.8%	17.0%	Income Tax Rate	16.5%						
MARKET CAP: \$2,225 billion (Large Cap)				33.1%	31.4%	28.9%	25.4%	23.4%	24.3%	24.9%	27.4%	29.3%	31.0%	36.5%	34.9%	Net Profit Margin	34.5%						
CURRENT POSITION (SMILL.)				2020	2021	12/31/21	61444	52396	64049	68621	74854	80303	95324	111174	106132	109605	95749	100000	Working Cap'l (\$mill)	125000			
Cash Assets				136576	130334	125369	11921	10713	12601	20645	27808	40783	76073	72242	66662	59578	50074	47000	Long-Term Debt (\$mill)	40000			
Receivables				32011	38043	33520	57083	66363	78944	89784	80083	71997	72394	82718	102330	118304	141988	165225	Shr. Equity (\$mill) ^D	250000			
Inventory (Avg Cst)				1895	2636	3019	33.8%	30.3%	24.7%	20.3%	20.6%	20.3%	17.0%	20.4%	22.6%	25.6%	32.5%	33.5%	Return on Total Cap'l	34.0%			
Other				11433	13393	12280	40.6%	34.9%	28.4%	24.6%	27.3%	31.0%	33.3%	36.6%	36.0%	37.4%	43.2%	42.5%	Return on Shr. Equity	40.0%			
Current Assets				181915	184406	174188	31.5%	25.3%	19.0%	14.7%	15.0%	15.7%	16.9%	21.2%	22.5%	24.6%	31.5%	31.5%	Retained to Com Eq	29.0%			
Accts Payable				12530	15163	15314	22%	28%	33%	40%	45%	49%	49%	42%	37%	34%	27%	26%	All Div'ds to Net Prof	27%			
Debt Due				3749	4072	4998	BUSINESS: Microsoft Corp. is the largest independent maker of software. It develops and sells software products for a wide range of computing environments in consumer and enterprise markets. Hardware products include the Xbox video game console and Surface laptops. Revenue sources in fiscal 2021: Productivity & Business Processes, 32%; Intelligent Cloud, 36%; More Personal Computing, 32%. R&D, 12.3% of 2021 revenues. Employed 181,000 at 6/30/21. Stock owners: Ofcs. & dirs., less than 1%; The Vanguard Group, 8.1%; BlackRock, Inc., 6.8%. (10/21 proxy). Chairman & CEO: Satya Nadella. Incorporated: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Telephone: 425-882-8080. Internet: www.microsoft.com.																

Microsoft reported strong financial results for its fiscal second quarter. (Years end June 30th.) The momentum that was established at the beginning of fiscal 2020 was once again evident in the latest interim, keeping revenues and earnings on a rapid upward trajectory and benefiting from dynamic performances from the company's commercial business and the move to cloud services. In addition, most of the important performance metrics continued to show improvement in the December period. Meanwhile, revenue growth from the Azure platform remained rapid, extending the strong performances from the previous four quarters. The upward trend in consumption-based services was again a positive factor in this regard, underpinning the demand for Azure and the prospects that the platform will continue expanding at a fast pace. Elsewhere, revenue from Office 365 and cloud services progressed nicely in both the commercial and consumer arenas. Finally, Dynamics 365 continued to make headway in the enterprise application business, while LinkedIn benefited from an active employment market.

Fiscal Year Ends	2018	2019	2020	2021	2022	QUARTERLY REVENUES (\$ mill.) ^A	Full Fiscal Year
Sep.30	24538	28918	26819	30085	33520	110360	
Dec.31	29084	32471	30571	33717	125843	125843	
Mar.31	33055	36906	35021	38033	143015	143015	
Jun.30	37154	43076	41706	46152	168088	168088	
	45317	51728	49000	54205	200250	200250	

Fiscal Year Ends	2018	2019	2020	2021	2022	EARNINGS PER SHARE ^{AB}	Full Fiscal Year
Sep.30	.84	.96	.95	1.13	3.88	3.88	
Dec.31	1.14	1.10	1.14	1.37	4.75	4.75	
Mar.31	1.38	1.51	1.40	1.46	5.76	5.76	
Jun.30	1.82	2.03	2.03	2.17	8.05	8.05	
	2.27	2.48	2.20	2.35	9.30	9.30	

Cal-endar	2018	2019	2020	2021	2022	QUARTERLY DIVIDENDS PAID ^E	Full Year
Mar.31	.42	.42	.42	.46	1.72	1.72	
Jun.30	.46	.46	.46	.51	1.89	1.89	
Sep.30	.51	.51	.51	.56	2.09	2.09	
Dec.31	.56	.56	.56	.62	2.30	2.30	
	.62						

Microsoft has agreed to acquire game publisher Activision Blizzard. The \$68.7 billion, all-cash deal is the company's largest to date. The transaction, which is subject to regulatory review (including the likelihood of close antitrust scrutiny) and the usual shareholder approvals, would greatly enhance Microsoft's position in the gaming market, placing it in keener competition with game makers Sony and Tencent. The deal is expected to close in fiscal 2023, with Activision becoming part of Microsoft's gaming business.

What about Microsoft stock? As we have mentioned in previous reviews, the company's prospects have not gone unnoticed, with the shares continuing to be accorded a generous relative valuation, despite the recent decline in price that has affected many other technology issues. Although a growing dividend and the ongoing stock repurchase program are certainly supportive, new commitments to this high-quality equity are still best made carefully, in our view. If the shares are already held in a long-term portfolio, we would continue to hold the position.

Charles Clark
February 4, 2022

(A) Fiscal year ends June 30th.	(B) Diluted earnings. Quarters may not add to total. Excl. nonrec. items: '05, d4c; '12, d72c; '13, d7c; '15, d\$1.17; '16, d70c; '17, d37c;	'18, d\$1.75; '19, d33c; '22, 43c. Next earnings report late April. (C) In mill.	(D) Includes intangibles. In fiscal 2021: \$49.7 billion, \$6.28 a share.	(E) Dividends historically paid in March, June, Sept., and Dec. ■Dividend reinvestment plan available.	Company's Financial Strength A++	Stock's Price Stability 100	Price Growth Persistence 95	Earnings Predictability 95
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